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POC Small Business Owners in Sacramento: Challenges Faced and Related Issues

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In the wake of the COVID-19 pandemic the small business landscape across the United States dramatically changed. Small businesses [lost a greater share of employees](#) than bigger businesses during the pandemic, and this trend was accompanied by a rise in large corporations entering many communities and displacing small businesses. This is important because the role that small businesses often offer a community comes in their ability to listen and adapt to the neighborhood. One example is how my local market ensures my community has access to culturally significant food ingredients that would be unavailable at a chain supermarket.

Looking at the issue more specifically, it is important to understand and view small businesses through the lens of the owner because of the unique perspective that they provide. Unlike traditional businesses, small business owners often have many jobs in their business from working the cash register, creating goods, management, and overseeing finances. Therefore, gaining a better understanding of not only the issues faced by these business owners but also how they relate to crime in their community would provide an insightful foundation from which policy options can be generated.

POC-Owned Small Business Owners and Barriers

While self-evident it is important to note that one of the distinguishing features of a small business is the lack of capital that owners often have access to. This is only further compounded when taking into consideration that receiving a loan for a small business is, to some extent, predicated on the amount of personal wealth that an individual may have, and that the distribution of wealth among demographics in the United States are not equal. While personal wealth does influence the probability of securing a loan, it does [not account for the racial disparities](#) that exist in the field. Therefore, it is particularly important to understand the unique perspective that people of color (POC) have while running a small business, because it's clear that from the inception of their small business they have a distinct experience.

Maurice¹, who owns a local healthy Greek restaurant near the California State University, Sacramento (CSUS) campus, discussed how, while initial access to funds affected the size of the restaurant he could afford, he never let it fully determine where he would set up his operations. Maurice also mentioned that his small business has been especially affected by the increases to inflation because he is unable to buy all of the fresh produce in a quantity that would allow him to source them at a cheaper rate. Furthermore, when asked about the role that he believes his small business plays in affecting crime in the neighborhood he was less optimistic. He stated that

¹ Maurice is an alias for the name of a local Sacramento POC small business owner, as will be the rest of the names in this report for confidentiality reasons.

crime has been on a general steady [rise since the COVID-19](#) pandemic and that because of his proximity to the CSUS campus it's hard to build long lasting relationships to the community since it is constantly changing. Overall, he feels that the crime rate, especially in such a densely populated region of Sacramento, is much more determined by city ordinances that are [soft on crime](#).

Glenn, owner of a local BBQ restaurant, voiced similar opinions as Maurice. Glenn recalled back to when he attempted to secure the funds to open his establishment and the many barriers he faced in being able to pool together enough money to buy his restaurant. He mentioned the uniquely lower amount of money that traditional financial institutions would offer to lend him and remembers asking for loans from family and friends to reach a critical amount of money needed to open the endeavor. However, Glenn does have a different point of view on the issue of his small business and crime. He is located just a few miles away from Maurice but is in a much more residential part of Sacramento. As such, he feels that over the decades that he has been open he has cultivated a good relationship with the community. He recalls that during the height of the pandemic he was especially struggling as [meat prices surged](#) for a few months and how his local community responded by patronizing his business when he voiced his struggle over Facebook. While he is skeptical of the possibility that his community ties reduce crime in the local area he does feel strongly that his strong cultivation of community in his neighborhood makes him more resistant to down periods regardless of the circumstances that cause it.

Glenn's experience echoes an area of research that has emerged when looking at small business, which is that they operate not only as a brick-and-mortar business but as a social hub for the community to interact at. Glenn during our interview stated that "my BBQ spot is a place where many people hang out after work". This is commonly referred to as a "[third space](#)". This is where different people from demographic enclaves and neighborhoods are able to congregate in order to find community in one another. This was demonstrated by the research of James Farrar where he states that restaurants serve as one of the primary building blocks for "[social infrastructure](#)" and that "neighborhood eateries are spaces of political mobilization both in the formal organization of the shōtengai merchant associations and also in informal but sustained social movement." Furthermore, because many of the business owners for restaurants [are migrants from across the world](#) they are better able to represent the various types of POC that could have an effect on crime rate in their respective communities.

What can we do?

Figuring out how we can best support POC-owned small businesses begins with an acknowledgement of the multifaceted issues that they face.

- Create Grant or Loan Programs for POC-owned small businesses

- Further providing financial assistance to POC owners would alleviate one of the major barriers that they face when attempting to start their small business.
- While other financial institutions offer [similar services](#), creating a state funded program would be best as it would ease the barrier of entry and reduce the amount of owners falling into [predatory lending schemes](#).
- Provide State Backed Loans for Community Infrastructure
 - Another pathway would be to provide small businesses that create community infrastructure low rate loans for the construction.
 - As noted by many owners patronage from the local community is the lifeblood of their business and therefore encouraging small businesses to create infrastructure that [draws people](#) in is key for their long term success.
- Create Tax Incentives
 - Creating tax breaks or incentives for small businesses that hire from their local community would be a catalyst for them to become a third space in their community given that many people already are working there.
 - This would help stimulate the entire local community because if not only local people are hired at the small businesses but they are patronized by the local community it creates a [“local multiplier effect”](#) which helps generate sustainable wealth in a neighborhood.